

**IREN Group: the Board of Directors approves the results at 31 December 2015 - EBITDA growing and net profit almost doubled. Dividend proposal up by more than 5% compared to 2014.**

*The strategic and efficiency and integration targets, confirmed in the business plan, have guided the Group's activities throughout 2015. The effectiveness of the actions taken is reflected in the growth of all operating performance indicators, plus an improvement of around 117 million euros in net debt. The assignment of an investment-grade rating by the Fitch Agency and the conclusion of important agreements relating to aggregation operations are further sources of satisfaction.*

- **Revenues at 3,094.1 million euros (+6.6% against 2,901.8 million euros at 31/12/2014)**
- **Gross Operating Profit (Ebitda) at 677.8 million euros (+8.8% against 622.7 million euro at 31/12/2014)**
- **Operating Profit (Ebit) is 346.8 million euros (+6.6% against 325.4 million euros at 31/12/2014)**
- **Net profit of the Group is 118.2 million euros (+71.4% compared to 68.9 million euros at 31/12/2014). Net profit adjusted for the effect on deferred taxes from the reduction in IRES starting 2017 is 131.4 million euros (+90% compared to 2014)**
- **Net Financial Debt stands at 2,169 million euros, down by around 117 million.**
- **Dividend proposal of 0.055 euros per share, up by 5.2% compared to the 2014 dividend.**

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Reggio Emilia, 15<sup>th</sup> March 2016 – The Board of Directors of IREN S.p.A. today approved the consolidated results at 31 December 2015.

*“2015 was a particularly positive year for the Group in terms of results, - the Chairman, Francesco Profumo, declared with satisfaction on behalf of the Board of Directors, adding – the efforts and deep commitment of the entire Company towards seeking maximum efficiency and integration are clearly demonstrated in the economic and financial results. It’s important to point out, however, also the importance of elements which are not immediately visible in the figures but upon which the Group is constructing its future: generational turnover, which has led to new skills and energies dedicated to the business, widespread innovation, which has been a key driver in the strategic choices made, and finally, the attention given towards the process of territorial aggregation with relation to which IREN intends to continue to play a key role in future years.”*

*“The excellent performance in the year - commented Massimiliano Bianco, CEO of the Group – confirms the Company’s ability to rapidly and effectively implement the strategic guidelines set out in the business plan: the development of the performance improvement process proceeded at a rapid pace making it possible, among other things, to achieve significant synergies; the rationalisation of equity interests led to the setting up of IRETI, the company which will manage the Group’s network businesses in a unified manner, ensuring considerable efficiencies and savings over the coming years; the attention given to territorial consolidation has meant laying the foundations for important projects that will be concluded over the current year. These elements form a solid base from which to face the challenges that await us in the coming years.”*

## **IREN GROUP: CONSOLIDATED RESULTS AT 31 DECEMBER 2015**

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Consolidated **revenues** for 2015 stand at 3,094.1 million euros, up (+6.6%) against 2,901.8 million euros in the previous year, confirming the positive trend already recorded in the first nine months of the year.

**Gross Operating Margin (Ebitda)** is 677.8 million euros, up 8.8% against the 622.7 million euros in 2014. The increase is even more significant taking account not only of the expiry of incentives regarding the production of the Moncalieri plant which affected GOP for around 20 million euros, but also the absence of a number of one-off elements in the previous year and of a number of extraordinary negative items occurring in 2015. This performance has benefitted, most of all, from the implementation of significant cost-saving measures, as set out in the business plan, which have enabled the achievement of synergies across all the business areas for a value of around 22 million euros. In addition, AMIAT, the company that manages waste in the city of Turin, has been included in the consolidation for the whole of 2015, and there has also been organic growth with the number of energy clients exceeding one and a half million for the first time. Finally, the balanced business portfolio (with regulated and quasi regulated activities accounting for around 76% of the total EBITDA) is confirmed.

The **Operating Result (Ebit)** stands at 346.8 million euros, a growth of 6.6% compared to 325.4 million euros at 31 December 2014, inverting the negative trend recorded in the first

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nine months of the year. The excellent results with reference to GOM more than offset, in fact, the higher amortisation and depreciation provisions due mainly to the full consolidation of AMIAT and the higher setting aside of provisions after the partial release in 2014 of a number of provisions for risks no longer applicable.

**Net Profit** is 118.2 million euros, up (+71.4%) against 68.9 million euros recorded for the previous year. This increase reflects the positive operating performance, a better financial management and a lower tax rate linked to the declaration that the Robin Hood tax is unconstitutional, and the deduction of employment cost from the IRAP (regional corporation tax) calculation. It should also be pointed out that, net of extraordinary items involving deferred taxes linked to the reduction in the IRES rate, the net profit would have been even higher, reaching around 131.4 million euros.

**Net Financial Debt** at 31 December is 2,169 million euros, a significant drop of around 117 million on the figure reported at the end of 2014. This is down both to the results for the period and an improved management of net working capital.

**Gross technical investments** in the period amount to 258.3 million euros

### IREN GROUP: MAIN RESULTS BY BUSINESS AREA

| (millions of euros)                          | FY 2015        | FY 2014        | Var. % |
|--|----------------|----------------|--------|
| <b>Revenues</b>                              | <b>3,094.1</b> | <b>2,901.8</b> | 6.6%   |
| Electricity and district heating             | 813.3          | 826.7          | -1.6%  |
| Market                                       | 2,377.0        | 2,387.7        | -0.4%  |
| Networks (electricity, gas, and water infr.) | 858.8          | 804.6          | 6.7%   |
| Waste  | 463.1          | 237.8          | 94.8%  |
| Services and other                           | 92.6           | 96.3           | -3.9%  |
| Netting and adjustments                      | -1,510.6       | -1,451.2       | 4.1%   |
| <b>Gross Operating Profit</b>                | <b>677.8</b>   | <b>622.7</b>   | 8.8%   |
| Electricity and district heating             | 198.8          | 199.5          | -0.3%  |
| Market                                       | 87.2           | 90.7           | -3.9%  |
| <i>Electricity</i>                           | 12.8           | 24.7           | -48.2% |
| <i>Gas and Heat</i>                          | 74.4           | 66.0           | 12.7%  |
| Networks                                     | 303.5          | 301.1          | 0.8%   |
| <i>Electricity networks</i>                  | 75.6           | 73.4           | 3.0%   |
| <i>Gas networks</i>                          | 71.9           | 78.2           | -8.1%  |
| <i>Water networks</i>                        | 156.0          | 149.5          | 4.3%   |
| Waste  | 64.6           | 47.5           | 36.0%  |
| Services and other                           | 23.6           | -16.2          | n.r.   |
| <b>Operating Profit</b>                      | <b>346.8</b>   | <b>325.4</b>   | 6.6%   |
| Electricity and district heating             | 74.3           | 105.6          | -29.7% |
| Market                                       | 41.4           | 49.8           | -16.8% |
| Networks (electricity, gas, and water infr.) | 196.2          | 181.9          | 7.9%   |
| Waste  | 10.2           | 13.8           | -26.1% |
| Services and other                           | 24.7           | -25.8          | n.r.   |

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### ***ELECTRICITY AND DISTRICT HEATING***

**Revenues** in the Electricity and District Heating sector amount to 813.3 million euros compared to 826.7 million euros recorded in 2014 (-1.6%), substantially in line, therefore, with the previous year. Optimisation of the use of the Group's plant, together with favourable climatic conditions are behind the increase in production of electricity (+23%) and heat (+7%). This has substantially counterbalanced the persisting situation of over-capacity that leads to strong pressure on sales prices.

**Gross Operating Margin** of the sector stands at 198.8 million euros, practically the same as the 199.5 million euros recorded at 31 December 2014. The result is particularly significant since it includes the expiry of incentives on co-generation production in the Moncalieri plant for around 20 million euros and to the absence of a number of non-recurring positive elements reported in 2014 (awarding of ETS certificates relating to previous years and insurance reimbursements).

In 2015 total **electricity** produced was 7,864 GWh, +22.7% compared to 6,408 GWh reported in 2014.

The thermoelectric/cogeneration sector made a significant contribution to this result, with a production of 6,411 (+29.1%) which benefitted from particularly high summer temperatures. Hydroelectric productions (1,453 Gwh) were in line with the previous year, bucking the national trend (which is negative, -15%).

**Heat** production has also increased (+6.6%) and stands at 2,805 GWht. This is due to winter temperatures closer to historic averages compared to the exceptionally warm winter in 2014 and to an increase in volumes served by the district heating network that exceeded 82 million cubic metres (+1.9%).

At 31 December 2015 **gross investments** for 36.2 million euros were made, mainly devoted to the cogeneration production sector.

### ***MARKET***

**Revenues** for the Market sector amount to 2,377.0 million euros, substantially in line with the 2,387.7 million euros in 2014: the growth trend in volumes, already recorded in the first nine months are confirmed and counterbalance the fall in the prices of energy commodities.

**Gross Operating Profit** (EBITDA) of the sector, amounting to 87.2 million euros, shows a slight decrease (-3.9%) compared to the previous year of 90.7 million euros. The growth of the client base of around 35,000 units (thanks to which the threshold of one and a half million has been exceeded) and the growth both in volumes and in the margins achieved, thanks also to the optimization of commercial policies, have not completely counterbalanced a number of non-recurring negative elements that occurred during the year for a value of over 10 million euros.

**Electricity** sold directly in 2015 stands at 12,393 GWh, a significant increase (+10.5%) on 11,220 Gwh in 2014.

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2,568 million cubic metres of **gas** were sold, up (+17.5%) compared to 2,185 million cubic metres in the previous year, thanks mainly to the winter climate trend which was closer to historic averages compared to 2014 and to higher internal uses.

At 31 December 2015 **gross investments** amounted 14.2 million euros.

### **NETWORKS**

The “Networks” business area was **substantially stable** compared to results reported in 2014, despite the occurrence of extraordinary elements that impacted negatively on the sector’s performance. This was due mainly to the achievement of significant efficiencies that permitted a reduction in base costs.

### **Energy infrastructures**

**Revenues** in the energy infrastructure sector amount to 372.9 million euros, up from 341.0 million euros in 2014.

**Gross Operating Profit** (EBITDA) stands at 147.5 million euros, a slight fall (-2.7%) compared to 151.6 million euros reported at 31 December 2014. The increase in the electricity networks sector, thanks to operating efficiency measures, together with equalization relating to previous years, failed to offset the fall in the gas branch due mainly to a number of non-recurring extra costs and to the accounting effect of a windfall gain in 2014.

In the year, the Group distributed 3,995 GWh of **electricity** and 1,209 million cubic metres of **gas**, both figures up from 2014.

**Gross investments** in the sector amount to 62.8 million euros for the modernization of the gas network, in particular through the installation of cathodic protection systems and electronic meters, the replacement of grey cast iron pipes and the construction and updating of electricity substations.

### **Water infrastructure**

The integrated water service recorded **revenues** of 485.9 million euros for the year, a significant increase compared to 463.1 million at 31 December 2014.

**Gross Operating Profit** (EBITDA) stands at 156.0 million euros, up (+4.3%) compared to 149.5 million euros in 2014, confirming the trend reported in the previous quarters. The performances reflect the positive trend of tariff revenues as well as the lower costs linked to the achievement of important operating synergies and the widening of the scope of activities to the Savona area.

In 2015 the Group sold 162,1 million cubic metres of water, up compared to 2014, mainly due to the above-mentioned change in scope.

**Gross investments** for the period amount to 98.3 million euros, for the construction of the infrastructures as provided for in the “Piani d’ambito” (Territorial plans), and to the development of distribution networks, sewerage networks and treatment systems.

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### **WASTE**

In the Waste sector, **revenues** totalled 463.1 million euros, practically double the figure (+94.8%) of 237.8 million euros at 31 December 2014. This increase, already noted in the first nine months of 2015, comes from the full consolidation of AMIAT S.p.A. (the company managing waste collection in Turin).

This performance was further boosted by the increase in waste collection tariffs and by the significant increase in special waste collected (+40% in volume terms).

The sector achieved a **Gross Operating Profit** (EBITDA) of 64.6 million euros, also strongly up (+36.0%) compared to 47.5 million euros in the previous year, reflecting the same trend in revenues, partially offset by higher costs for the use of a number of disposal plants external to the Group and by the absence of a number of positive windfall gains reported in 2014.

Approximately 1,700,000 tons of waste were treated during the reference period, a significant increase (+57%) compared to 1,083,000 tonnes in 2014.

The full implementation of the punctual tariff system in the entire city of Parma, representing best practice at national level and involving more than 190,000 inhabitants and more than 12,000 non-domestic users with the use of more than 220,000 containers, is particularly worth noting.

**Gross investments** made in the area amounted to 21.4 million euros, mainly devoted to the maintenance of Group plant and to investments supporting the development of differentiated waste collection, mainly through the "door to door" sorted waste collection system.

### **BUSINESS OUTLOOK**

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The beginning of 2016 is characterised by the fall in the price of commodities, with Brent falling under 30 dollars a barrel, reflecting a fragile international economic situation.

On a positive note, on the other hand, the awaited regulatory updates were issued at the end of last year and at the beginning of 2016, creating stability and clarity for the gas distribution, electricity and integrated water-cycle sectors, areas in which the Group has a significant position.

In line with the strategic guidelines of the business plan, the Group continues to pursue policies that enhance its role as aggregator in its reference territories. In particular:

- the TRM deal was closed in January 2016, through which the group acquired a controlling stake in the company that manages the thermal waste treatment plant in Turin.
- in the first half of 2016 there will be an increase in the Group's stake in the affiliated company, Atena, the multi-utility company in multi-utility di Vercelli, allowing IREN to become the majority shareholder.
- by December 2016, upon the achievement of pre-established technical and qualitative standards, the Group will acquire the remaining 60% of Ecoprogetto Tortona, the company that manages the anaerobic digestion plant in Tortona, taking its stake to 100% of the company.

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IREN therefore confirms its commitment to implement growth projects in its reference area in a way which is compatible with financial stability.

### **DIVIDEND**

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The Board of Directors resolved to propose to the General Meeting of Shareholders the payment of a dividend of 0,055 euros per share, up 5.2% compared to the previous year, which will be paid on 29 June 2016 (detachment date 27 June 2016 – record date 28 June 2016).

### **CONFERENCE CALL**

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The results at 31 December 2015 will be illustrated today, 15 March at 16,00 (Italian time), during a conference call to the financial community, also broadcast through web casting in listen-only mode on the [www.gruppoiren.it](http://www.gruppoiren.it) website in the investor relations section.

*The Manager in charge of drawing up the corporate accounting documents, Mr, Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act, that the accounting information presented herein corresponds to the accounting documents, records and registers. The Report on management, the draft of the financial report at 31 December 2015, the consolidated Report at 31 December 2015, the Report of the Board of Statutory Auditors, and the Report of the Auditing Company will be made available to the public as provided for by the law, at the company's headquarters (Via Nubi di Magellano, 30 – Reggio Emilia) at Borsa Italiana S.p.A, and they will be published on the website [www.gruppoiren.it](http://www.gruppoiren.it)*

*The financial statements of IREN Group S.p.A. (currently subject to audit) are set out below.*

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### IREN GROUP: CONSOLIDATED INCOME STATEMENT AT 31/12/2015

(Thousands Euro)

|  | 31.12.2015         | 31.12.2014         | Var. %       |
|--|--------------------|--------------------|--------------|
| <b>Revenues</b>  |                    |                    |              |
| Revenues from goods and services   | 2,849,677          | 2,641,989          | 7.9          |
| Change in contract work in progress  | 8,576              | (212)              | (*)          |
| Other revenues and income  | 235,859            | 260,061            | (9.3)        |
| - Of which non-recurring   | -                  | 20,944             |              |
| <b>Total Revenues</b>  | <b>3,094,112</b>   | <b>2,901,838</b>   | <b>6.6</b>   |
| <b>Operating expenses</b>  |                    |                    |              |
| Costs for raw materials, consumables, supplies and goods                   | (1,023,964)        | (1,045,463)        | (2.1)        |
| Services and use of third-party assets                                     | (946,466)          | (846,273)          | 11.8         |
| Other operating expenses   | (111,067)          | (102,181)          | 8.7          |
| Capitalized expenses for internal work                                     | 22,870             | 24,246             | (5.7)        |
| Personnel expenses   | (357,722)          | (309,503)          | 15.6         |
| - Of which non-recurring   | -                  | (36,159)           |              |
| <b>Total Operating Expenses</b>  | <b>(2,416,349)</b> | <b>(2,279,174)</b> | <b>6.0</b>   |
| <b>Gross Operating Profit (EBITDA)</b>                                     | <b>677,763</b>     | <b>622,664</b>     | <b>8.8</b>   |
| <b>Amortization, depreciation, impairment and provisions</b>               |                    |                    |              |
| Amortization/depreciation  | (267,609)          | (247,875)          | 8.0          |
| Provisions and impairment  | (63,334)           | (49,428)           | 28.1         |
| <b>Total amortization, depreciation impairment and provisions</b>          | <b>(330,943)</b>   | <b>(297,303)</b>   | <b>11.3</b>  |
| <b>Operation Profit (EBIT)</b>   | <b>346,820</b>     | <b>325,361</b>     | <b>6.6</b>   |
| <b>Financial Income</b>  |                    |                    |              |
| Financial Income   | 31,977             | 27,206             | 17.5         |
| Financial expense  | (126,808)          | (132,069)          | (4.0)        |
| <b>Net Financial Income</b>  | <b>(94,831)</b>    | <b>(104,863)</b>   | <b>(9.6)</b> |
| Share of profit (loss) of associates accounted for using the equity method | (6,254)            | (10,649)           | (41.3)       |
| Impairment losses on investments   | -                  | 3,877              | *            |
| <b>Profit before tax</b>   | <b>245,735</b>     | <b>213,726</b>     | <b>15.0</b>  |
| Income tax expenses  | (105,662)          | (128,187)          | (17.6)       |
| <b>Profit for the period from continuing operations</b>                    | <b>140,073</b>     | <b>85,539</b>      | <b>63.8</b>  |
| Profit from discounted operations  | -                  | -                  | -            |
| <b>Profit for the period</b>   | <b>140,073</b>     | <b>85,539</b>      | <b>63.8</b>  |
| Attributable to:   |                    |                    |              |
| - owners of the Parent   | 118,193            | 68,945             | 71.4         |
| - non-controlling interests  | 21,880             | 16,594             | 31.9         |

(\*) Variation of more than 100%

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**IREN GROUP: RECLASSIFIED STATEMENT OF FINANCIAL POSITION  
AT 31/12/2015**

(Thousands Euro)

|  | 31.12.2015       | 31.12.2014       | Var.<br>%     |
|--|------------------|------------------|---------------|
| Non-current assets                                     | 4,648,465        | 4,618,669        | 0.6           |
| Other non-current assets (liabilities)                 | (161,911)        | (153,619)        | 5.4           |
| Net Working Capital                                    | 153,888          | 238,448          | (35.5)        |
| Deferred tax assets (liabilities)                      | 110,972          | 115,336          | (3.8)         |
| Provisions and employee benefits                       | (525,799)        | (550,363)        | (4.5)         |
| Assets (Liabilities) held for sale                     | 5,420            | 10,762           | (49.6)        |
| <b>Net invested capital</b>                            | <b>4,231,035</b> | <b>4,279,233</b> | <b>(1.1)</b>  |
| Equity   | 2,061,666        | 1,993,549        | 3.4           |
| <i>Long-term financial assets</i>                      | <i>(53,012)</i>  | <i>(66,439)</i>  | <i>(20.2)</i> |
| <i>Medium and long-term financial indebtedness</i>     | <i>2,698,648</i> | <i>2,210,821</i> | <i>22.1</i>   |
| <i>Medium and long-term net financial indebtedness</i> | <i>2,645,636</i> | <i>2,144,382</i> | <i>23.4</i>   |
| <i>Short-term financial assets</i>                     | <i>(690,878)</i> | <i>(522,902)</i> | <i>32.1</i>   |
| <i>Short-term financial indebtedness</i>               | <i>214,611</i>   | <i>664,204</i>   | <i>(67.7)</i> |
| <i>Short-term net financial indebtedness</i>           | <i>(476,267)</i> | <i>141,302</i>   | <i>(*)</i>    |
| <i>Net financial indebtedness</i>                      | <i>2,169,369</i> | <i>2,285,684</i> | <i>(5.1)</i>  |
| <b>Own funds and net financial indebtedness</b>        | <b>4,231,035</b> | <b>4,279,233</b> | <b>(1.1)</b>  |

(\*) Variation of more than 100%

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## IREN GROUP: CONSOLIDATED STATEMENT OF CASH FLOWS AT 31/12/2015

(Thousands Euro)

|   | 31.12. 2015      | 31.12.2014       | Var. %        |
|---|------------------|------------------|---------------|
| <b>A. Opening cash and cash equivalents</b>                               | <b>51,601</b>    | <b>50,221</b>    | <b>2.7</b>    |
| <b>Cash flow generated by operating activities</b>                        |                  |                  |               |
| Profit for the period   | 140,073          | 85,539           | 63.8          |
| Adjustments:  |                  |                  |               |
| Amortisation and depreciation of intangible and tangible assets           | 267,609          | 247,875          | 8.0           |
| (Capital gains) capital losses and other changes in equity                | 1,693            | (27,670)         | (*)           |
| Net variation in post-employment and other changes in equity              | (6,263)          | (2,549)          | (*)           |
| Net variation in provision for risk and other charges                     | (23,957)         | 12,594           | (*)           |
| Variation in deferred tax assets and liabilities                          | 2,772            | 14,507           | (80.9)        |
| Variation in non-current assets (liabilities)                             | 4,827            | 15,410           | (68.7)        |
| Dividends (net of elisions)   | (1,304)          | (1,066)          | 22.3          |
| Portion of result of associates and joint ventures                        | 6,254            | 10,649           | (41.3)        |
| Net impairment losses (reversals of impairment losses) on investments     | 5,088            | (3,810)          | (*)           |
| <b>B. Operating cash flow before NWC variations</b>                       | <b>396,792</b>   | <b>351,479</b>   | <b>12.9</b>   |
| Variation in inventories  | (14,357)         | 26,636           | (*)           |
| Variation in trade receivables  | 138,092          | 100,120          | 37.9          |
| Variation in tax assets and other current assets                          | 67,741           | (36,102)         | (*)           |
| Variation in trade payables   | (85,375)         | (98,699)         | (13.5)        |
| Variation in tax liabilities and other current liabilities                | (15,394)         | 4,434            | (*)           |
| <b>C. Cash flow generated by NWC variation</b>                            | <b>90,707</b>    | <b>(3,611)</b>   | <b>(*)</b>    |
| <b>D. Operating cash flow (B+C)</b>                                       | <b>487,499</b>   | <b>347,868</b>   | <b>40.1</b>   |
| <b>Cash flows from (for) investing activities</b>                         |                  |                  |               |
| Investments in tangible and intangible assets                             | (267,562)        | (261,605)        | 2.3           |
| Investments in financial assets   | (7,650)          | (87,457)         | (91.3)        |
| Proceeds from the sale of investments and changes in assets held for sale | 4,777            | 25,764           | (81.5)        |
| Change in consolidation perimeter   | (25,469)         | (46,886)         | (45.7)        |
| Dividends received  | 7,435            | 7,644            | (2.7)         |
| <b>E. Total cash flow from investing activities</b>                       | <b>(288,469)</b> | <b>(362,540)</b> | <b>(20.4)</b> |
| <b>F. Free cash flow (D+E)</b>  | <b>199,030</b>   | <b>(14,672)</b>  | <b>(*)</b>    |
| <b>Cash flow from financing activities</b>                                |                  |                  |               |
| Dividend payments   | (81,417)         | (73,641)         | 10.6          |
| Net long term financing   | 800,000          | 761,248          | 5.1           |
| Repayment of long term financing  | (354,379)        | (847,741)        | (58.2)        |
| Variation in financial receivables  | (408,685)        | 229,821          | (*)           |
| Variation in financial Payables   | (66,574)         | (53,635)         | 24.1          |
| <b>G. Total cash flow from financing activities</b>                       | <b>(111,055)</b> | <b>16,052</b>    | <b>(*)</b>    |
| <b>H. Cash flow for the period (F+G)</b>                                  | <b>87,975</b>    | <b>1,380</b>     | <b>(*)</b>    |
| <b>I. Closing cash and cash equivalents (A+H)</b>                         | <b>139,576</b>   | <b>51,601</b>    | <b>(*)</b>    |

(\*) Variations of more than 100%

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